

**BUDGET WORKSHOP  
RENO CITY COUNCIL AND  
REDEVELOPMENT AGENCY BOARD  
BRIEF OF MINUTES  
May 9, 2008**

The Reno City Council and Redevelopment Agency Board held a joint Budget Workshop at 1:42 p.m. on Friday, May 9, 2008 in the Council Chambers in City Hall.

**PRESENT:** Councilpersons/Board Members Gustin, Zadra, Sferrazza, Dortch, Aiazzi and Hascheff and Mayor/Chairman Cashell.

**ABSENT:** None.

**ALSO PRESENT:** City Manager/Executive Director McNeely, City Attorney Kadlic, Chief Deputy City Attorney Chase and City Clerk/Secretary Jones.

**2. Public Comment**

Jody Ruggiero, representing Tune In To Kids, discussed the success of the April 12, 2008 event.

Willis Allen, Pioneer Center Board of Directors, thanked the Council for their continued support.

**3. Presentation and Discussion of Department Budgets for FY2008-2009.**

**4. Presentation of the Community Development Department Budget, and discussion and potential direction to staff regarding the Planning and Building Enterprise Fund Revenues.**

John Hester, Director of Community Development, presented an overview of the proposed Community Development budget request. He discussed the deficit in Planning & Building Enterprise Funds (\$700,000 in the red in the Building Fund, and \$2,200,000 million in the red in the Planning Fund), the history of the Enterprise Funds model, and options for managing the Enterprise Funds in FY2008-2009.

Councilperson/Board Member Dortch requested information regarding the average dollar amount of building permits issued by the City on an annual basis.

Mr. Hester responded that the City issues an average of \$1 billion in building permits on an annual basis.

**AGENDA**  
**ITEM**  
**NO.**

**4.** Presentation of the Community Development Department Budget ... Planning and Building Enterprise Fund Revenues – continued

Andy Green, Finance Director, and Councilperson/Board Member Dortch discussed the one-time and on-going economic impacts of building projects, and the City's goal of having growth pay for itself.

Marc Markwell, Chair of the Planning & Building Enterprise Funds Advisory Committee, stated that the Maximus fee analysis conducted three years ago changed the manner in which permits were billed by the City, and resulted in a loss of approximately \$1.6 million in revenue. He said that the Committee is in favor of including a reserve component, supports reducing indirect costs by 20%, increasing permit fees by 50% to get back to pre-Maximus numbers, and transferring building inspectors to other City departments to avoid laying them off.

Councilperson/Board Member Sferrazza and Mr. Markwell discussed the possibility of implementing an expedited permit process for those willing to pay an additional fee for the service.

Mr. Hester and Councilperson/Board Member Sferrazza discussed how the City of Reno's fees would compare with those of the City of Sparks and Washoe County if the Committee's recommendations are implemented. Mr. Hester stated that Sparks and Washoe County use their General Funds to subsidize planning fees, and pay 30% towards regional planning while Reno pays 40%.

Mr. Markwell stated that the City of Reno has some of the highest planning fees in the State of Nevada, but requires substantially less in building fees.

Mr. Hester stated that building fees generate two times more revenue than planning fees.

Councilperson/Board Member Sferrazza and Mr. Markwell discussed the Committee's recommendation of charging a base fee for reviewing PUD (Planned Unit Development) Handbooks, tentative maps, and major and minor SUPs (Special Use Permits), and charging for other reviews on an hourly basis.

Councilperson/Board Member Sferrazza and Mr. Hester discussed the City of Sparks' success with charging fees on an hourly basis.

Councilperson/Board Members Zadra and Sferrazza and Andy Green discussed the indirect costs and the Council's discretionary funds, and the process of determining how much it costs the Council to operate.

**AGENDA**  
**ITEM**  
**NO.**

**4. Presentation of the Community Development Department Budget ... Planning and Building Enterprise Fund Revenues – continued**

Charles McNeely, City Manager/Executive Director, discussed the broader budget implications of making policy changes regarding the percentage of indirect fees charged for items such as Council discretionary funds.

Councilperson/Board Member Aiazzi and Mr. Green discussed the Sewer Enterprise Fund's formula for charging indirect fees.

Councilperson/Board Member Hascheff and Mr. Green discussed the process of comparing the statutory interpretations and standards by which indirect expenses are allocated.

Mr. Hester, Mr. Green, and Councilperson/Board Member Hascheff discussed details of the Planning & Building Funds Advisory Committee's recommendations.

Discussion ensued regarding a 50%-60% increase in fees, and the possibility of maintaining a reserve fund.

Councilperson/Board Member Aiazzi and Mr. Hester discussed the feasibility of implementing the base fee/hourly pay proposal, and whether Committee approval is required to implement a fee increase.

Councilperson/Board Member Aiazzi stated that Reno's General Fund should not be used to subsidize growth, and suggested the possibility of devising a formula (perhaps 1/10 of 1%) that will provide property tax benefits for investments in growth. He also suggested keeping the fees high, and providing a rebate after the building permit or C of O (Certificate of Occupancy) is issued.

Mayor/Chairman Cashell suggested continuing the discussion at a future meeting.

Councilperson/Board Member Sferrazza agreed that building fees should be discussed at length, and requested that staff examine a 20% reduction in indirect costs and possible impacts on the General Fund. She also requested that the Committee examine the possibility of providing a reserve fund component.

Mr. Markwell stated that the Committee will discuss the reserve fund issue at their next meeting, and legal counsel indicated that the Building Fund can be operated in the red.

Councilperson/Board Member Sferrazza requested that staff examine legislative limits on reserve funds.

**AGENDA  
ITEM  
NO.**

- 4.** Presentation of the Community Development Department Budget ... Planning and Building Enterprise Fund Revenues – continued

Mayor/Chairman Cashell stated that staff should examine any outstanding issues with the Committee and return with suggestions.

Mr. McNeely stated that staff will return with recommendations on May 20, 2008.

It was moved by Councilperson/Board Member Sferrazza, seconded by Councilperson/Board Member Hascheff to direct staff to examine the Committee's Building Fund recommendations (excluding the proposal to increase fees to meet the reserves), and return with recommendations on May 20, 2008.

Mr. Markwell stated that the Committee recommends the fee increase given in the right hand column of Mr. Hester's Staff Report, a cap in cost reduction going forward, and an examination of raising the fees even higher.

Mayor/Chairman Cashell suggested that Councilpersons/Board Members Dortch, Sferrazza and Zadra form a Subcommittee and meet with the Planning & Building Enterprise Funds Advisory Committee to discuss budget issues at 7:30 a.m. on Thursday, May 15, 2008.

Motion carried.

- 5.** Presentation of the Golf Budget, and discussion and potential direction to staff regarding Golf Revenues, Fees and Expenses.

Susan Schlerf, Assistant City Manager, presented an overview of the proposed golf budget.

Councilperson/Board Member Sferrazza asked if Rosewood Lakes Golf Course was constructed using a public-approved bond.

Andy Green, Finance Director, stated that a revenue bond was issued for construction of Rosewood Lakes Golf Course.

Councilperson/Board Member Sferrazza and Ms. Schlerf discussed federal restrictions on the Rosewood Lakes Golf Course site due to its wetland status.

Discussion ensued regarding the cost of subsidizing Rosewood Lakes Golf Course (\$500,000 annually) and the pros and cons of revising the fee structure to collect more revenue.

**AGENDA  
ITEM  
NO.**

**5. Presentation of the Golf Budget – continued**

Mayor/Chairman Cashell suggested issuing an RFP (Request for Proposals) within the next 30-45 days to operate Rosewood Lakes Golf Course. He said that the City should consider leasing the equipment for a minimal fee and subsidizing the golf course operations with an annually decreasing amount over the next five years.

Councilperson/Board Member Aiazzi and Mr. Green discussed details of the bond process used for Rosewood Lakes Golf Course, and the request for \$671,000 to subsidize operations of the golf course in FY2008-2009.

Discussion ensued regarding the amount needed to subsidize Rosewood Lakes Golf Course during FY2008-2009, and Moana Pool operating costs that have been shifted to other swimming pool budgets.

Councilperson/Board Member Hascheff stated his preference for keeping Rosewood Lakes Golf Course operational.

Councilperson/Board Member Gustin stated that Rosewood Lakes Golf Course should remain open, and the City should go forward without involving the City of Sparks and Washoe County in the deliberations.

It was moved by Councilperson/Board Member Hascheff, seconded by Councilperson/Board Member Sferrazza to direct staff to fund the Rosewood Lakes Golf Course deficit for six months using the Stabilization Fund, return within six months with funding options (including privatization) for operating the golf course, and move forward as soon as possible to issue an RFP requesting receipt of proposals for operating the golf course within 90 days.

Councilperson/Board Member Sferrazza encouraged staff to market the Rosewood Lakes Clubhouse for weddings and other revenue-generating special events.

Motion carried.

Mayor/Chairman Cashell and Councilperson/Board Member Gustin volunteered to work with staff to develop the RFP.

MAYOR/CHAIRMAN CASHELL ABSENT AT 3:32 P.M. ASSISTANT  
MAYOR/CHAIRMAN AIAZZI PRESIDED IN MAYOR/CHAIRMAN CASHELL'S  
ABSENCE.

**AGENDA  
ITEM  
NO.**

6. Presentation and discussion of the Capital Improvement Program (CIP) and recommendations for FY2008-2009 Capital Projects, and potential direction to staff.

Councilperson/Board Member Sferrazza requested that staff provide an estimate of the cost of constructing restrooms at Pat Baker Park, and suggested a potential cost-sharing agreement with the Northeast NAB (Neighborhood Advisory Board). She also requested CIP (sewer) funds to bring the Rosewood Lakes Golf Course effluent water pump on line.

Gayela Emory, Senior Management Analyst, and Councilperson/Board Member Sferrazza discussed carrying the balance of FY2007-2008 affordable housing funds (\$83,000) over into FY2008-2009.

Jon Heinrich, Director of Organizational Effectiveness, and Councilperson/Board Member Sferrazza discussed FY2008-2009 funding for, and the number of students participating in, the Four Steps Into the Future Program.

Councilperson/Board Member Hascheff and Ms. Emory discussed the \$50,000 CIP allocation to the Access Advisory Board for ADA (Americans with Disabilities Act) improvements.

MAYOR/CHAIRMAN CASHELL PRESENT AT 3:35 P.M.

Councilperson/Board Member Zadra discussed FY2008-2009 CDBG (Community Development Block Grant) funding for Linden Street/Grove Street/Yori Avenue improvements (lights, landscaping, design standards, etc.), and FY2009-2010 funding for improvements on Plumb Lane from the Reno-Tahoe Airport to Virginia Street.

Councilperson/Board Member Sferrazza and Mark Lewis, Redevelopment Administrator, discussed the \$800,000-\$900,000 allocation to Human Services, and the gap in funding for the homeless shelters.

Charles McNeely, City Manager/Executive Director, suggested placing the possible reallocation of Human Services funds on a future agenda.

Discussion ensued regarding the possibility of holding an emergency meeting to discuss Community Assistance Center funding shortages.

Councilperson/Board Member Aiazzi said that the Northwest NAB requested \$70,000-\$80,000 for fencing to protect the Peavine Dam from the impacts of motorcycles and off-road motorized vehicles.

COUNCILPERSON/BOARD MEMBER ZADRA ABSENT AT 3:41 P.M.

**AGENDA  
ITEM  
NO.**

6. Presentation ... Capital Improvement Program (CIP) and recommendations for FY08-09 Capital Projects – continued

Councilperson/Board Member Sferrazza and Mr. McNeely clarified that five Officers and a Police Sergeant were hired during FY2007-2008.

7. Discussion and direction to staff regarding the overall budget for FY2008-2009.

Charles McNeely, City Manager/Executive Director, stated that staff will examine the budget changes suggested at today's meeting and include them in a final document to be presented at the May 20, 2008 public hearing.

Councilperson/Board Member Hascheff requested consideration of the following: 1) \$14,000 for the Senior Addition at the Neil Road Recreation Center; 2) an additional \$20,000 to complete projects for seniors; 3) an additional \$30,000 for completion of Access Advisory Board projects; 4) \$256,392 plus equipment costs for hiring 3 CSOs (Community Services Officers); 5) funds to keep Rosewood Lakes Golf Course operational; 6) no reduction in funding for the Access Advisory Committee and Senior Citizen Advisory Committee; 7) \$75,000 (rather than the listed \$70,000) for EDAWN (Economic Development Authority of Western Nevada); and 8) reducing other requests by 5%.

Councilperson/Board Member Sferrazza requested an examination of: 1) possible reductions in discretionary funds and other items listed by the City Manager/Executive Director; 2) funding for hiring and equipping additional CSOs; 3) a distribution of budget reductions that would offset significant impacts on any one group; and 4) full funding for SAVE (Senior Auxiliary Volunteer Effort) Officers.

Mr. McNeely requested direction from the Council regarding the percentage by which various budget items should be reduced.

Councilperson/Board Member Hascheff remarked that a 5% across the board reduction would result in a savings of approximately \$15,000.

Councilperson/Board Member Gustin stated that he and Councilperson/Board Member Zadra do not intend to hire interns for FY2008-2009, which would free up another \$24,000.

Mr. McNeely and Gayela Emory, Senior Management Analyst, discussed the inclusion of seven intern positions in the proposed FY2008-2009 budget. Ms. Emory stated that only two interns are currently employed.

Mayor/Chairman Cashell suggested that the Councilpersons should consider doing without interns in FY2008-2009.

**AGENDA  
ITEM  
NO.**

**7. Discussion and direction to staff regarding the overall budget – continued**

Discussion ensued regarding the preference for allowing the interns currently employed by Councilpersons Sferrazza and Aiazzi to continue in FY2008-2009.

Councilpersons/Board Members Hascheff and Dortch stated that they do not intend to hire interns in FY2008-2009.

Mayor/Chairman Cashell stated that \$60,000 in funds allocated for hiring five additional interns can be reallocated to other line items.

Councilperson/Board Member Aiazzi stated that over \$1,000,000 in additional funding has been requested for the following items: Building Enterprise Fund (\$240,000), golf fund operations subsidy (\$671,000), veteran's benefits coordinator (\$25,000), fencing for the northwest (Peavine) dam (\$80,000), Pat Baker Park restrooms (\$140,000), senior citizen projects, and requests from various other public entities. He also stated that \$28,000 in unallocated room tax revenue is available, he and Councilperson/Board Member Dortch can each access \$20,000 from their RTC (Regional Transportation Commission) discretionary funds, and \$60,000 is available in the unallocated interns' line item.

Councilperson/Board Member Aiazzi asked if the Truckee Meadows Growth Task Force (\$3,000 allocation) is still operating, and reiterated that the SAVE Officer Budget should not be reduced. He said that reducing by 5% the amounts allocated to EDAWN, City Council donations, Reno-Tahoe Blues Festival, Nevada Small Business Development Center, Nevada Hispanic Services, Tune In To Kids, and non-city program items (with the exception of senior services), and recapturing the \$3,000 allocated to the Truckee Meadows Growth Task Force would result in a savings of approximately \$16,250.

Councilperson/Board Member Sferrazza suggested reducing the allocations for the Pioneer Center, Youth City Council, American Folklife Festival, etc.

Mr. McNeely suggested that the Council provide staff with a list of items and the rates at which they should be funded in FY2008-2009.

The Council agreed that line items for seniors' programs, access projects, SAVE Officers, and \$80 per meeting payments to Planning Commissioners and Service Commissioners should not be reduced.

Councilperson/Board Member Aiazzi and Mr. McNeely discussed either carrying over the approximately \$500,000 remaining in this year's NAB allocations into FY2008-2009, or capturing the \$500,000 for other purposes and providing full funding for next year's NAB allocations.



**AGENDA**  
**ITEM**  
**NO.**

**7. Discussion and direction to staff regarding the overall budget – continued**

Mayor/Chairman Cashell discussed placing more stringent controls the NABs' allocation of funds. He suggested capturing the remaining \$500,000 in FY2007-2008 NAB accounts for other purposes, and providing 50% of the current allocation to them in FY2008-2009.

Councilperson/Board Member Aiazzi suggested holding a joint meeting with the NABs to discuss budget issues.

Discussion ensued regarding details of the proposed funding formula.

Councilperson/Board Member Hascheff suggested the possibility of allocating 50% of the current allocation to the NABs during the first six months of FY2008-2009, and considering an additional allocation for the last six months of the fiscal year.

Councilperson/Board Member Aiazzi suggested funding the NABs at \$1.00 per resident in FY2008-2009 (50% of the current funding allocation) with the caveat that the NABs would receive priority consideration if additional funding becomes available.

Councilperson/Board Member Aiazzi and Mr. McNeely discussed provisions in the proposed budget for the Nevada Small Business Development Center (\$25,000) and Pioneer Center (\$60,000). Councilperson/Board Member Aiazzi stated that the Council is approximately \$250,000 short of what they have requested, with no estimate available of the amount needed for the Planning Enterprise Fund.

Councilperson/Board Member Aiazzi discussed the possibility of purchasing emergency preparedness kits (\$30,000) and having Somerset sell them at cost.

MEETING ADJOURNED AT 4:12 P.M.